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HOUSE BILL 1798

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State of Washington

57th Legislature

2001 Regular Session

By Representatives Kagi, Pennington, Morris, Edmonds, Mulliken,  
Gombosky and Lovick

Read first time 02/05/2001. Referred to Committee on Local Government  
& Housing.

1 AN ACT Relating to equitable adjustment of bonded indebtedness for  
2 fire protection district mergers and annexations; adding a new section  
3 to chapter 52.06 RCW; adding a new section to chapter 35.02 RCW; adding  
4 a new section to chapter 35.13 RCW; adding a new section to chapter  
5 35A.14 RCW; and creating a new section.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** The purpose of section 2 of this act is to  
8 ensure that a taxpayer is not required to pay property taxes to more  
9 than one taxing district for fire protection bond levies, when part of  
10 a fire protection district is merged with another district, or annexed  
11 to or incorporated into a city or town. Section 2 of this act is  
12 intended to provide equitable adjustment of bonded indebtedness between  
13 taxing districts in these circumstances while protecting the security  
14 of bondholders.

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 52.06 RCW  
16 to read as follows:

17 (1) When a part of a fire protection district is transferred and  
18 merged with an adjacent fire protection district, or annexed to or

1 incorporated into a city or town, the bonded indebtedness outstanding  
2 against the merging district shall be adjusted equitably between the  
3 merging district and the merger district as provided in this section.

4 (2) For the purposes of this section, the merging district is the  
5 district from which the property is removed and the merger district is  
6 the district, city, or town in which the property is merged, annexed,  
7 or incorporated.

8 (3) The county legislative authority of each county containing the  
9 merging and merger districts shall establish the terms of adjustment of  
10 the bonded indebtedness and shall provide and specify:

11 (a) When bonded indebtedness is transferred from one district to  
12 another district:

13 (i) That such bonded indebtedness is assumed by the district to  
14 which it is transferred;

15 (ii) That thereafter such bonded indebtedness shall be the  
16 obligation of the district to which it is transferred;

17 (iii) That, if the terms of adjustment so provide, any bonded  
18 indebtedness thereafter incurred by the merger district through the  
19 sale of bonds authorized before the date its boundaries were altered  
20 shall be the obligation of such district including the territory added  
21 thereto; and

22 (iv) That taxes shall be levied thereafter against the taxable  
23 property located within such district as it is constituted after its  
24 boundaries were altered, the taxes to be levied at the times and in the  
25 amounts required to pay the principal of and the interest on the bonded  
26 indebtedness assumed or incurred, as the same become due and payable.

27 (b) In computing the debt limitation of any district from which or  
28 to which bonded indebtedness has been transferred, the amount of  
29 transferred bonded indebtedness at any time outstanding:

30 (i) Shall be an offset against and deducted from the total bonded  
31 indebtedness, if any, of the district from which the bonded  
32 indebtedness was transferred; and

33 (ii) Shall be deemed to be bonded indebtedness solely of the  
34 district that assumed the indebtedness.

35 (c) When adjustments of bonded indebtedness do not provide for  
36 transfer of bonded indebtedness from one district to another district:

37 (i) That the existing bonded indebtedness of each district, the  
38 boundaries of which are altered and any bonded indebtedness incurred by  
39 each such district through the sale of bonds authorized before the date

1 its boundaries were altered is the obligation of the district in its  
2 reduced or enlarged form, as the case may be; and

3 (ii) That taxes shall be levied thereafter against the taxable  
4 property located within each such district in its reduced or enlarged  
5 form, as the case may be, at the times and in the amounts required to  
6 pay the principal of and interest on such bonded indebtedness as the  
7 same become due and payable.

8 NEW SECTION. **Sec. 3.** A new section is added to chapter 35.02 RCW  
9 to read as follows:

10 When a part of a fire protection district is incorporated into a  
11 city or town, the bonded indebtedness outstanding against the district  
12 shall be adjusted equitably between the district and city or town as  
13 provided in section 2 of this act. When bonded indebtedness is  
14 transferred under section 2 of this act to the incorporating city or  
15 town, the transferred bonded indebtedness becomes the obligation of the  
16 annexing city or town.

17 NEW SECTION. **Sec. 4.** A new section is added to chapter 35.13 RCW  
18 to read as follows:

19 When a part of a fire protection district is annexed to a city or  
20 town, the bonded indebtedness outstanding against the district shall be  
21 adjusted equitably between the district and city or town as provided in  
22 section 2 of this act. When bonded indebtedness is transferred under  
23 section 2 of this act to the annexing city or town, the transferred  
24 bonded indebtedness becomes the obligation of the annexing city or  
25 town.

26 NEW SECTION. **Sec. 5.** A new section is added to chapter 35A.14 RCW  
27 to read as follows:

28 When a part of a fire protection district is annexed to a code city  
29 or town, the bonded indebtedness outstanding against the district shall  
30 be adjusted equitably between the district and code city as provided in  
31 section 2 of this act. When bonded indebtedness is transferred under  
32 section 2 of this act to the annexing code city, the transferred bonded  
33 indebtedness becomes the obligation of the annexing code city.

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